

EXHIBIT C

1 CONFIDENTIAL - Balzaretti

2 UNITED STATES BANKRUPTCY COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 -----x

5

6 In Re: REFCO INC., et al.

7 Debtors Case No. 05-03064

8

9 -----x

10 ***CONFIDENTIAL***

11 VIDEOTAPED DEPOSITION OF FERNANDO BALZARETTI

12 New York, New York

13 February 8, 2006

14

15 Reported by:

16 KATHY S. KLEPPER, RPR, RMR, CRR

17 JOB NO. 6116

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1 **CONFIDENTIAL - Balzaretti**
2 MR. GLICK: Objection.

3 A. She recently retired to become a
4 full-time mom.

5 **Q. When did she start working for you as**
6 **your assistant?**

7 A. At -- I don't have the exact date.

8 **Q. Approximately?**

9 A. In '97, '98.

10 **Q. And did you in fact access your RCM**
11 **account online?**

12 A. We accessed our Refco account online
13 all the time, yes.

14 **Q. You keep saying "Refco." Can I take**
15 **that to mean RCM?**

16 A. As I said before, I just learned to
17 differentiate between RCM and Refco. To me, I
18 had always referred as Refco as one entity, and
19 I was not aware that I was dealing with separate
20 entities.

21 **Q. Did IDC have more than one account at**
22 **Refco within the Refco Group?**

23 A. No.

24 **Q. So the RCM account was the only**
25 **account?**

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2 A. Yes.

3 **Q. What -- when you accessed -- when IDC**
4 **accessed the account online, what could you see**
5 **online?**

6 A. The purpose of accessing it online was
7 to review that the trades executed during the
8 day were properly reflected and that we could do
9 a, what is called a marked to market valuation
10 of the account on a daily basis.

11 **Q. And you would perform the marked to**
12 **market valuation yourself?**

13 A. Yes.

14 **Q. Was there any marked to market**
15 **valuation reflected on the RCM online?**

16 A. Yes.

17 **Q. What else could you see?**

18 A. I could see any transaction that they
19 had done -- that had been done, and all the
20 positions held in the account.

21 **Q. Could you see the financing?**

22 A. You could see the financing.

23 **Q. Could you see the coupon payments?**

24 A. You could see the coupon payments.

25 **Q. Anything else?**

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2 A. You could see any activity that took
3 place in the account.

4 **Q. And you would check this frequently**
5 **for accuracy?**

6 A. We would check it on a daily basis.

7 **Q. When you say "we would check it," you**
8 **would check it?**

9 A. I would check it or my assistant would
10 check it.

11 **Q. Your assistant, Ingrid?**

12 A. Yes.

13 **Q. Anybody else at IDC check it?**

14 A. No.

15 **Q. What about confirms, where were they**
16 **sent?**

17 A. They were sent to our address of
18 record.

19 **Q. Which was?**

20 A. I don't know if it was Guatemala or a
21 P.O. Box in Miami. It got to be one of the two.

22 **Q. Did you receive them?**

23 A. Did I receive them? I never saw them.
24 I would look at the daily transaction on the
25 Internet.

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2 **Q. So the daily transaction was reflected**
3 **online?**

4 A. Yes.

5 **Q. What about account statements?**

6 A. Account --

7 **Q. Were they physically sent?**

8 A. Yes.

9 **Q. Where to?**

10 A. To the address of record.

11 **Q. Did you receive those?**

12 A. Did I personally receive those?

13 **Q. Yes.**

14 A. No.

15 **Q. Do you know anyone at IDC who did?**

16 A. Yes.

17 **Q. Who was that?**

18 A. My assistant, who would file them,
19 until the following month, and then they would
20 be destroyed.

21 **Q. Did you review those?**

22 A. No.

23 **Q. Did you review them online?**

24 A. Yes.

25 **Q. Were they format online, to your**

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 2 MS. CLEGHORN: I believe that's it. I
 3 don't have any further questions.
 4 Anybody else care to question the
 5 witness?
 6 MS. DAVIDSON: Mr. Glick has some
 7 questions.
 8 EXAMINATION BY
 9 MR. GLICK:
 10 Q. Mr. Balzaretti, you testified earlier
 11 that you had -- your clients, I should say, had
 12 accounts at Bear Stearns and also at Refco. You
 13 also testified that there was another entity
 14 that was somehow tied into the Bear Stearns
 15 account.
 16 Could you explain who that entity was
 17 and its -- that entity's relationship to Bear
 18 Stearns?
 19 A. Yes. It's a U.S. broker-dealer that
 20 clears and custodies through Bear Stearns. So
 21 my account statements come with the logo of this
 22 entity, which at this time is called EFG, and
 23 the logo and statement of Bear Stearns.
 24 We've had -- since we opened the
 25 accounts, there have been three different
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 2 changes. It started as Vestrust Securities.
 3 Vestrust Securities was later bought by
 4 Dresdner, and Dresdner was later bought by EFG.
 5 Q. Were each of those three entities that
 6 you just mentioned U.S. broker-dealers, to your
 7 knowledge?
 8 A. Yes.
 9 Q. And the relationship of Bear Stearns,
 10 was that with all three of those entities
 11 consistently throughout your relationship with
 12 them?
 13 A. Yes.
 14 Q. And did Bear Stearns simply do the
 15 custodial and the execution part of the
 16 transaction, or was it just the custodial part?
 17 A. I know they do the custodial part, and
 18 I know that the executions are done in my
 19 statement, and my account number has not changed
 20 even though three different entities have owned
 21 the account.
 22 Q. And can you compare what I'm going to
 23 call the -- is it EFG?
 24 A. Yes.
 25 Q. -- EFG/Bear Stearns account to the RCM
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 2 account in terms of the types of activity that
 3 the accounts we've discussed today transacted?
 4 A. To me, they're one and the same.
 5 Q. And when you say "one and the same,"
 6 why do you say that?
 7 A. I can execute transactions identical
 8 in one account or the other.
 9 Q. And was there any significant
 10 differences that you can identify in how those
 11 transactions were executed?
 12 A. How were they reported or executed?
 13 Q. Executed.
 14 A. None that I know of.
 15 Q. In the way that they were reported?
 16 A. None that I know of.
 17 Q. Whether it was Bear Stearns or Refco,
 18 who was the owner of the positions within an
 19 account?
 20 MS. CLEGHORN: Objection.
 21 Q. You can answer.
 22 A. The account holder.
 23 Q. Who bore the risk, as you understood
 24 it?
 25 MS. CLEGHORN: Objection.
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1 CONFIDENTIAL - Balzaretti
 2 Q. Whether it was in Bear Stearns or RCM?
 3 A. Market risk?
 4 Q. Market risk.
 5 A. The account holder.
 6 Q. Was there, in your mind, a custodial
 7 risk?
 8 A. None.
 9 Q. When we spoke about insurance just
 10 before, what did that insurance cover, do you
 11 have an understanding? What circumstances would
 12 that insurance come into effect?
 13 A. My limited understanding is that it
 14 would cover in the event that the securities
 15 were not in your account.
 16 Q. Was that a concern for you with regard
 17 to Refco?
 18 A. When I learned that it was a New
 19 York-based entity, no, it didn't become a
 20 concern.
 21 Q. Did you ever meet with any New
 22 York-based Refco personnel?
 23 A. Refco personnel from New York, Refco
 24 Securities persons from New York traveled to
 25 Guatemala to offer services to our clients and
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 2 to me as a client.
 3 Q. And you testified earlier that Refco
 4 personnel from Miami also traveled to Guatemala?
 5 A. Often, yes.
 6 Q. Did anyone else from any other Refco
 7 office come to Guatemala?
 8 A. If they did, they did not come to
 9 visit me.
 10 MR. GLICK: I have nothing else.
 11 FURTHER EXAMINATION BY
 12 MS. CLEGHORN:
 13 Q. Just to follow up, why was RCM -- or,
 14 strike that. Why was Refco's presence in New
 15 York relevant?
 16 A. It was our understanding that it was
 17 all managed in New York, and given that it's a
 18 U.S. territory, we felt comfortable with that.
 19 MS. CLEGHORN: I think we have nothing
 20 further.
 21 MR. GLICK: Thank you.
 22 MS. CLEGHORN: And thank you kindly
 23 for your long trip.
 24 THE WITNESS: Thank you.
 25 THE VIDEOGRAPHER: The time is 2:2 --
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 2 excuse me, 2:40. We are going off the
 3 record.
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FERNANDO BALZARETTI

Subscribed and sworn to
 before me this day
 of 2005.

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1 CONFIDENTIAL - Balzaretti
 2
 3 CERTIFICATE
 4
 5 STATE OF NEW YORK)
 6 : ss
 7 COUNTY OF NEW YORK)
 8
 9 I, Kathy S. Klepfer, a Registered
 10 Merit Reporter and Notary Public within and
 11 for the State of New York, do hereby
 12 certify:
 13 That FERNANDO BALZARETTI, the witness
 14 whose deposition is herein before set forth,
 15 was duly sworn by me and that such
 16 deposition is a true record of the testimony
 17 given by such witness.
 18 I further certify that I am not
 19 related to any of the parties to this action
 20 by blood or marriage and that I am in no way
 21 interested in the outcome of this matter.
 22 In witness whereof, I have hereunto
 23 set my hand this 8th day of February, 2006.
 24
 25

 KATHY S. KLEPFER, RPR, RMR, CRR
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 14 Exhibit 302, a document bearing Bates Nos. 50
 15 RCM AOD 012722 through 726
 16 Exhibit 303, a document bearing Bates Nos. 56
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